

MINUTES

MONTANA SENATE 58th LEGISLATURE - REGULAR SESSION

SUB-COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB DEPRATU**, on March 26, 2003 at 11:25 A.M., in Room 405 Capitol.

ROLL CALL

Members Present:

Sen. Bob DePratu, Chairman (R)
Sen. Bob Story Jr., Vice Chairman (R)
Sen. Jim Elliott (D)

Members Excused: None.

Members Absent: None.

Staff Present: Lee Heiman, Legislative Branch
Shirley Herrin, Committee Secretary

Committee Business Summary:

Discussion: SB 255, SB 260, SB 461
Executive Action: None.

CHAIRMAN DEPRATU said they would be discussing property tax implementation. There are three bills to discuss and the '99 solution but he is in favor of putting the '99 solution to bed. **SEN. BOB STORY** stated he would like to proceed with SB 461 and only consider the '99 solution if all else fails. **SEN. JIM ELLIOTT** said he prefers the '99 solution because he sees inequities in both of the other bills.

SEN. STORY moved to rule out the '99 solution, motion carried 2-1 with **SEN. ELLIOTT** voting no.

Discussion:

11:27 The committee discussed what the intent of the subcommittee was. **SEN. DEPRATU** explained he would like to see all three bills move forward to the full committee. He noted he would have an amendment to SB 255 which he could only describe conceptually at this time.

SEN. STORY said he would also like to have the full committee make the decision and that he would **move an amendment to SB 461** that would take all other exemptions up to 18.5% and the owner/occupied exemption down to 40%. He **said he had another amendment to offer** that would move the appraisal up one year so it is done the year before a legislative year and wouldn't go into effect until the next year. He will work with Lee Heiman on the amendments.

11:32 **SEN. ELLIOTT** commented he thought the purpose of a subcommittee was to report a single bill out. He then questioned **SEN. STORY'S** amendments for clarification. He explained there was a constitutional difficulty in the way they were written, in that there was a property class with two different rates. **SEN. STORY** thanked **SEN. ELLIOTT** for pointing that out and said he would work with Lee Heiman to draft an amendment that will co-ordinate with present language in statute so class three and four are the same as class eleven.

Brad Simshaw reviewed a chart on Tax Rate and Exemption Levels in detail. **EXHIBIT(tas64b01)**

Discussion:

Begin

11:47 **SEN. ELLIOTT** inquired if the committee would entertain amending the homestead down to 38%. **SEN. STORY** responded he would be opposed to a substitute motion.

Vote: The motion on SEN. STORY'S amendment carried unanimously.

11:56 **SEN. ELLIOTT** offered an amendment to request an interim study committee on SB 461. **He then moved a conceptual amendment.** The committee held a brief discussion and **the motion carried unanimously.**

11:58 **CHAIRMAN DEPRATU** passed out a summary **EXHIBIT(tas64b02)**

Judy Paynter, Dept. of Revenue addressed the summary. She stated she would work with **SEN. STORY** on SB 461 and **CHAIRMAN DEPRATU** on SB 255 as both bills need technical corrections.

12:02 **CHAIRMAN DEPRATU** addressed the summary and explained the result of the amendments would be (1) Raising the allowable annual increase of taxable market value would be limited to CPI or up to 4%. (2) Include a provision to remove faze in table mitigation of 2003 appraisal if SB 461 passes. (3) Include a constitutional amendment for a referendum vote.

12:10 **SEN. ELLIOTT** stated he disagrees with the bill itself but will accommodate the chairman on the amendments.

Vote: The motion on the amendments carried unanimously.

ADJOURNMENT

Adjournment: 12:15 P.M.

SEN. BOB DEPRATU, Chairman

SHIRLEY HERRIN, Secretary

BD/SH

EXHIBIT (tas64bad)